



STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

December 1, 2003

Christine Louscher, Chair
Council on Human Services
308 Robinson Drive
Algona, IA 50511

Dear Chris:

Senate File 453 required a redesign of the current child welfare system. As you know, we are well underway in the development of a redesign proposal and look forward to discussing it with the Council at your December meeting. The legislation also required a reduction in state funds of \$10 million in the Department's budget, which is to occur no later than January 1st of next year. The Governor, after consultation with me, members of the Council and with the legislative monitoring committee, is to implement the reduction.

Over the past several months, DHS staff have worked to develop a strategy to achieve the reduction while impacting services as little as possible. That strategy has proven successful; therefore it is my recommendation to reduce the Child and Family Services appropriation by the full amount. It is important to note that the increases in funding outlined below are one-time and should not be considered available revenues into the future.

Early this fall, we undertook a review of our IV-E eligibility determination process with two goals; 1) assuring accuracy and thereby passage of a federal re-review of that process and 2) determining if the Department was fully maximizing this federal funding stream. As a result, we determined that we were not fully accessing the TANF funding currently appropriated to Child and Family Services. Our interpretation of the policy for determining TANF eligibility expenditures was more restrictive than federal regulation allow. The impact of redefining policy is approximately \$4 million in funding thought previously unavailable for child welfare expenditures. This is an outcome of our work with MAXIMUS.

In addition, a federal review of Medicaid funding for several programs in child welfare highlighted an error in data interface that caused providers to be determined ineligible to provide Medicaid funded services. The Department corrected the error and filed a retroactive claim for federal funds for the 24 months allowed. The result was a one-time increase of \$5.4 million in T-XIX funding which has been approved by federal officials. In addition, enhanced federal match for Medicaid funded services, allowed by Congress only through June of next year will generate an additional \$500,000.

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With the decreases in resources the Department has experienced over the past few years, a funding reduction of this magnitude is sobering. We are pleased to be able to manage it without a reduction in services or in the staff who work with our families, be they in state agencies or in the non-profit child serving programs funded by DHS.

I look forward to reviewing this matter with the Council at the December meeting.

Sincerely,

Kevin W. Concannon
Director

KWC:jc:tc

Cc: Members of the Human Services Council